



DTIC FILE COPY

DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON, DC 20350-2000

1

IN REPLY REFER TO

1000

Ser OP136D11/OU578337

27 August 1990

MEMORANDUM FOR DISTRIBUTION

Subj: SURVIVOR BENEFIT PLAN (SBP) DESK-TOP BRIEF

Ref: (a) CNO memo 1000 Ser OP136DIC/376620 of 6 Mar 88

Encl: (1) Script and charts for Desk-Top Brief

1. Enclosure (1) was developed by Naval Military Personnel Command (NMPC-643) to help command career counselors brief retiring members and their spouses about SBP which replaces the desk-top brief provided in reference (a). The brief was designed for one-on-one counseling, but can be adapted easily for use at pre-retirement seminars, career counseling training, or General Military Training.

2. I recommend you place the brief in a three-ring binder, covered with document protectors and use as a flip chart. Please ensure all members of your Command Retention Team know about this aid for your pre-retirement counseling program.

3. If you have questions about the presentation, please call NMPC-643 at AUTOVON 224-3197, Commercial (202) 694-3197, or FTS 694-3197.

703 614-3197

DTIC

ELECTE

OCT 03 1990

J. C. KINNEY

Head, Accessions and Retention  
Plans & Policy Branch

Distribution:

SNDL Parts I and II  
FTC Norfolk, VA (150 copies)  
SSC San Diego, CA (150 copies)  
NMPC-40 (1 copy)  
NMPC-643 (50 copies)  
OP-136 (Balance after distribution)

DISTRIBUTION STATEMENT A

Approved for public release  
Distribution Unlimited

~~Lt. Port Hedges (BH)~~

~~Naval Mil. Personnel Command~~

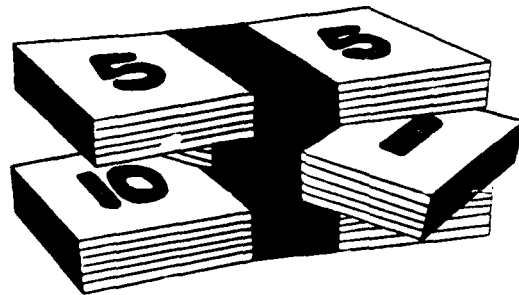
~~Code 643 66 24~~

~~OPC 20370-2566~~

~~(3643 ord)~~

# SBP

## SURVIVOR BENEFIT PLAN



## COUNSELOR'S DESK-TOP GUIDE

15 August 1990

I'm going to talk to you today about the Survivor Benefit Plan, or SBP as it's usually called.

You have probably heard of SBP. Hopefully, you've already given the program some thought. Today, I'm going to give you more things to think about. If you remember only one thing, though, this should be it: SBP IS A PROGRAM OF VITAL IMPORTANCE TO YOU AND, ESPECIALLY, YOUR FAMILY.



Accepted for	
NTIS GRA&I	<input checked="" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	
By <i>per call</i>	
Distribution	
Availability Codes	
Dist	Avail and/or Special
<i>A-1</i>	

STATEMENT "A" per Lt. Brodes Hartley  
Naval Military Personnel Command/Code 662C  
Washington, DC 20370-5662  
TELECON 10/1/90 90

## CHART #1 - OVERVIEW

These are the areas we'll talk about:

- The purpose of SBP - why do we have this program?
- How does it work?
- What are the options?
- How is SBP affected by other government benefits?
- What should you think about as you make your SBP decision?
- And finally, a short summary of SBP's more important points.

# OVERVIEW

- \* PURPOSE
- \* HOW IT WORKS
- \* OPTIONS
- \* INTEGRATED WITH SOCIAL SECURITY  
AND DEPENDENCY AND INDEMNITY  
COMPENSATION
- \* RC-SBP (RESERVE COMPONENT - SBP)
- \* DECISION CONSIDERATIONS
- \* SUMMARY

CHART 1

## CHART #2 - PURPOSE

SBP was established by Congress to provide a monthly income to the survivors of military retirees. You understand that retired pay stops when a retiree dies. Let me repeat that: RETIRED PAY STOPS WHEN YOU DIE.

SBP provides a monthly income to survivors of military retirees after retired pay stops. It is the only program available to the Navy to provide a continuing source of income to your family in the event of your death. SBP benefits -- like retired pay -- are adjusted for cost-of-living increases at the same time and at the same rate as your retired pay.

# PURPOSE

- ★ RETIRED PAY STOPS UPON THE DEATH OF A RETIREE
- ★ SBP PROVIDES MONTHLY INCOME TO SURVIVORS OF MILITARY RETIREES
- ★ SBP IS THE ONLY WAY THE NAVY CAN PROVIDE INCOME TO SURVIVORS

### CHART #3 - HOW IT WORKS

Are you already covered by SBP? If you are already retirement-eligible, i.e., if you already have over 20 years of active service, you are covered at the maximum level. This means that if you were to die on active duty, in addition to receiving Dependency and Indemnity Compensation from the VA, your spouse would also receive a partial monthly SBP annuity for the rest of his or her life, unless he or she remarries before age 55. This is a gratuitous benefit -- it doesn't cost you a thing. We'll talk more about the integration of DIC and SBP later.

Before retiring, however, you must decide whether to continue your SBP participation.

If you do nothing -- that is, you don't make a deliberate election NOT to participate -- maximum SBP coverage for all eligible family members will be established immediately upon your retirement.

If you participate in SBP, your retired pay will be reduced to pay the cost of your SBP "premium." Effective 1 March 1990, the monthly cost for the majority of retirees who entered the service before that date was reduced by a considerable amount and makes the program even more attractive than before. The amount by which your retired pay is reduced to pay the SBP premium is not reported as taxable income on your W-2 form. This is one of the most significant advantages SBP has over alternatives which you may be considering. We'll talk about that in more detail later.

**Spouse's Concurrence.** If you elect anything other than maximum SBP coverage, or decline to participate, the Navy is required by law to have your spouse's concurrence. After all, your decision to participate in SBP affects your spouse probably even more than it affects you. Your spouse has a right to know what his or her benefits are. If your spouse does not concur with your election, the law requires that the Navy enroll you in SBP at the maximum level.



# HOW IT WORKS

- \* FREE COVERAGE FOR RETIREMENT-ELIGIBLE MEMBERS STILL ON ACTIVE DUTY
- \* DECISION TO PARTICIPATE IN SBP MUST BE MADE PRIOR TO RETIREMENT DATE
  - AUTOMATIC COVERAGE AT MAXIMUM LEVEL INSTITUTED IF NO OTHER OPTION ELECTED
- \* SPOUSE IS EQUALLY RESPONSIBLE FOR SBP DECISION
  - SPOUSE'S CONCURRENCE NECESSARY IF MEMBER ELECTS LESS THAN MAXIMUM COVERAGE OR CHILDREN ONLY COVERAGE
  - NO WAIVERS OR POWERS OF ATTORNEY ACCEPTED IN LIEU OF SPOUSE'S CONCURRENCE

#### CHART #4 - HOW IT WORKS (Cont'd)

How much your survivors would receive if you enroll in SBP depends on a number called a "base amount" which you will choose. You may select any base amount between a minimum of \$300 and the full amount of your retired pay.

Your survivor's annuity will be 55 percent of the base amount until he or she reaches age 62, and 35 percent of the base amount thereafter. SBP base amounts, like SBP annuities, increase by the same amount and at the same time as cost-of-living adjustments to retired pay. I will explain more about this "two-tiered" benefit system later.

It is important that you and your spouse understand that the SBP annuity is 55 percent of the base amount, not the base amount itself. For example, if your retired pay is \$1,000, you may choose any amount between \$300 and \$1,000 as your base amount, and the annuity will be 55 percent of that amount. If you select \$1,000 as your base amount, the annuity would be \$550 ( $\$1,000 \times 55\% = \$550$ ). A base amount of \$800 would pay an annuity of \$440 ( $\$800 \times 55\% = \$440$ ), and a \$300 base amount would pay an annuity of \$165 ( $\$300 \times 55\% = \$165$ ). And so on.

## HOW IT WORKS (Cont'd)

- MEMBER SELECTS "BASE AMOUNT" AND CATEGORY OF BENEFICIARY.
  - BASE AMOUNT CAN BE ANY AMOUNT BETWEEN A MINIMUM OF \$300 AND FULL GROSS RETIRED PAY.
- ANNUITIES ARE 55% OF BASE AMOUNT UNTIL ANNUITANT'S AGE 62; THEN 35% OF BASE AMOUNT THEREAFTER.
- PREMIUMS ARE PAID IN THE FORM OF A REDUCTION IN RETIRED PAY.
- THE FEDERAL GOVERNMENT SUBSIDIZES 40% OF THE COST OF THE PROGRAM.

## CHART #5 - HOW IT WORKS (Cont'd)

The SBP decision you make at retirement is essentially irrevocable, although changes are permitted to accommodate common changes which could occur in your family. Basically, if you elect coverage for eligible family members when you retire, the coverage will continue for as long as the family members remain eligible. If you decline coverage for eligible family members when you retire, you cannot later choose to enroll in SBP.

For example, if you and your spouse decline spouse coverage, and you later become divorced and remarry, you would not be able to elect coverage for your new spouse. Similarly, if you decline spouse coverage, you would not be permitted to change your election to former spouse coverage for either that spouse or a future spouse, even if ordered to do so by a state court as part of a divorce settlement. The same principle applies to child coverage. If you have an eligible child and you choose not to elect child coverage, you would not be able to cover any future child(ren) you might acquire, including natural children, stepchildren, or adopted children.

If a family member covered under SBP becomes ineligible due to death, divorce, or age, SBP premium costs are suspended. In other words, you pay for SBP only when you have a beneficiary who will profit from it.

Remember, when you elect SBP, you are really electing coverage for a category of beneficiaries. For example, if you elect spouse coverage, you're covering not only your present spouse, but also any future spouse you might marry later if your current marriage ends by death or divorce. Deductions from your retired pay would be suspended effective the day following the date of death or divorce. Upon remarriage, your new spouse would automatically become an eligible SBP beneficiary after one year of marriage, and deductions from your retired pay would recommence on the first day after your one-year anniversary.

Similarly, if you elect child coverage and then later acquire an additional child (or children) either through birth, adoption, or marriage, that child would also be an eligible beneficiary. There's an often overlooked "good deal" in this situation regarding cost. Even though the cost of child coverage is based upon the age of the youngest child when a member retires, a younger child acquired after retirement may be added to your coverage without increasing the cost. This could amount to a pretty substantial savings if you have a 17-year-old when you retire and then later acquire a much younger or newborn child.

## HOW IT WORKS (Cont'd)

- ★ DECISION TO PARTICIPATE BASICALLY IRREVOCABLE, HOWEVER:
  - PREMIUM DEDUCTIONS ARE SUSPENDED DURING PERIODS WHEN THERE IS NO ELIGIBLE BENEFICIARY.
- ★ THREE CONDITIONS FOR WITHDRAWAL:
  - WAIVER OF NAVY RETIRED PAY FOR CIVIL SERVICE RETIREMENT.
  - IF TOTALLY DISABLED
    - AT RETIREMENT, MAY WITHDRAW AFTER 5 YEARS
    - AFTER RETIREMENT, MAY WITHDRAW AFTER 10 YEARS
  - MEMBER LOSES SPOUSE BENEFICIARY AND REMARRIES; MAY WITHDRAW DURING FIRST YEAR OF REMARRIAGE.

## CHART #5 - HOW IT WORKS (Cont'd)

You can see that it is important that you notify the Navy Finance Center immediately of any beneficiary changes that will affect your SBP coverage. Failure to do so could result in the accumulation of a debt to the Navy in unpaid SBP premiums, or, worse yet, in unnecessary administrative complications for your distraught widow when she applies for benefits.

Although your SBP decision is essentially irrevocable, you can see how normal changes in one's family situation allow you some options. There are three other conditions under which you may discontinue your SBP participation:

(1) If you enter Civil Service after retiring from the Navy and later decide to waive your Navy retired pay so that you can apply your years of naval service to retirement under the Federal Employees' Retirement System (FERS), you may terminate your Navy SBP if you enroll in FERS SBP. If you do not combine service, you may also enroll in FERS SBP, and your survivor(s) would receive both benefits.

(2) The second condition involves retirees rated totally disabled by the Department of Veterans Affairs (VA). Members rated totally disabled by VA when they retire may withdraw from SBP after 5 continuous years of being so rated. Members who become rated totally disabled by VA after they retire may withdraw from SBP after 10 continuous years of such rating. Withdrawal is permitted in these cases because the retirees' deaths will be presumed to be service-connected regardless of the actual cause of death. Therefore, the retirees' survivors would be entitled to Dependency and Indemnity Compensation (DIC), a monthly benefit paid by the VA to survivors of members who die from service-connected causes.

(3) The last condition under which a retiree may discontinue SBP participation occurs when a retiree remarries after retirement. As already discussed, a spouse acquired after retirement automatically becomes an eligible SBP beneficiary after one year of marriage. During that first year of remarriage, a member may choose to discontinue his or her SBP participation. (A member may also increase his or her base amount for a newly acquired spouse if the member had originally elected a reduced base amount.) It is not necessary that a new spouse concur with a retiree's decision to withdraw from SBP, but the law requires that the new spouse be notified of the withdrawal. If the retiree had also been providing child coverage, the child coverage would continue.

CHART #6 - OPTIONS

There are several SBP election choices. You may select only one of the options listed on Chart #6:

# OPTIONS

- ★ SPOUSE OR FORMER SPOUSE ONLY
- ★ SPOUSE AND CHILDREN
- ★ FORMER SPOUSE AND CHILDREN
- ★ CHILDREN ONLY
- ★ INSURABLE INTEREST



#### CHART #7 - BENEFICIARY ELIGIBILITY (SPOUSE)

This choice, the most common, would provide a monthly annuity to your surviving spouse for life in the event of your death. If your surviving spouse were to remarry before age 55, the payment of annuities would be suspended. However, if that marriage ends due to death or divorce, the surviving spouse would become re-entitled to an SBP annuity. The amount of the annuity and the monthly premiums will be discussed later.

# **SPOUSE ELIGIBILITY**

- \* MUST BE MARRIED AT TIME OF RETIREMENT**
- \* IF MARRIED AFTER RETIREMENT, SPOUSE IS ELIGIBLE AFTER ONE YEAR OF MARRIAGE**
- \* IF MARRIED AFTER RETIREMENT AND MEMBER DIES WITHIN ONE YEAR, SPOUSE IS ELIGIBLE IF THE SPOUSE IS THE PARENT OF A CHILD BORN OR ADOPTED DURING THE MARRIAGE**

## CHART #8 - BENEFICIARY ELIGIBILITY (FORMER SPOUSE)

This election is very similar to spouse only coverage. The costs are identical, and annuities also continue for the beneficiary's life, or until remarriage if the marriage occurs before age 55. Like spouse only coverage, the former spouse would also become re-entitled to an SBP annuity if that marriage were to end due to death or divorce. For this reason, members continue paying SBP costs for former spouse coverage even if the former spouse has remarried and is not eligible to receive the annuity. Costs and annuity amounts are identical to spouse only coverage and will be discussed later.

Former spouse elections may be made under one of three circumstances: (1) voluntarily, (2) in compliance with a written agreement between the member and the former spouse, or (3) by order of a court of competent jurisdiction incident to a decree of divorce, dissolution, or annulment. The differences in circumstances affect the ability of the member to change his or election upon remarriage.

If a member elects former spouse coverage voluntarily, the member may change that election to provide coverage for a subsequent spouse within the first year of marriage. The former spouse would be notified if the member did so.

If a member elects former spouse coverage in compliance with a written agreement which has not been incorporated into a court order, the member may change that election to provide coverage for a subsequent spouse within the first year of marriage only if the member obtains the former spouse's written concurrence.

If a member elects former spouse coverage in compliance with a court order which requires the member to make the election, the member may not change that election to provide coverage for a subsequent spouse unless the member obtains a court order which releases him or her from the original court order.

If a member is required by a court order to provide SBP coverage to a former spouse and fails to make the election either upon retirement or within one year of the date of divorce if divorced after retirement, the member's former spouse may have the election "deemed" (ordered) on the member's behalf. To do so, a former spouse must submit a written request to the Navy Finance that the member's election be changed within one year of the date of the court order. This is true even if the court order was issued more than a year before a member's retirement date, in which case the former spouse's request for a "deemed" election would be maintained on file at the Navy Finance Center until the member retires. Failure by both parties to take action within the one-year period, or upon retirement if already divorced, would preclude both parties from changing the election later. Members should know that they would be in contempt of court in this situation.

# **FORMER SPOUSE ELIGIBILITY**

- \* MUST BE FORMER SPOUSE ON DATE OF RETIREMENT**
- \* AFTER RETIREMENT, MUST HAVE BEEN ELIGIBLE "SPOUSE" BENEFICIARY**
- \* AFTER RETIREMENT, "SPOUSE" ELECTION MUST BE CHANGED TO "FORMER SPOUSE" ELECTION WITHIN ONE YEAR OF DIVORCE**
- \* FORMER SPOUSE CAN HAVE ELECTION "DEEMED" ON MEMBER'S BEHALF IF INCLUDED IN DIVORCE DECREE**

CHART #9 - BENEFICIARY ELIGIBILITY (Spouse and Children or  
Former Spouse and Children)

In these two cases, the spouse or former spouse is the primary beneficiary, and the children would receive the annuity only if the spouse or former spouse remarries before age 55 or dies. Costs are the same for both options. Please understand that with each of these options, there is only one annuity, payable to either the spouse/former spouse or the children. That is why the additional monthly cost to add child coverage to spouse coverage is so inexpensive. If former spouse and children coverage is elected, only children born of the marriage to that former spouse may be covered.

# **SPOUSE/FORMER SPOUSE AND CHILD(REN)**

- ★ **CHILDREN RECEIVE SBP ANNUITY IF BOTH MEMBER AND SPOUSE/FORMER SPOUSE DIE**
- ★ **CHILDREN RECEIVE ANNUITY IF MEMBER DIES AND SPOUSE/FORMER SPOUSE REMARRIES BEFORE AGE 55**
- ★ **CHILDREN ACQUIRED BY MEMBER AFTER ELECTING FORMER SPOUSE/CHILD COVERAGE CANNOT BE COVERED**
- ★ **CHILDREN COVERED WITH FORMER SPOUSE COVERAGE MUST HAVE BEEN ACQUIRED DURING MARRIAGE TO THE FORMER SPOUSE**

#### CHART #10 - BENEFICIARY ELIGIBILITY (CHILDREN)

With spousal concurrence, a member may elect to provide coverage for children only. Children remain eligible beneficiaries until age 18, or age 22 if they are full-time students. The annuity would be divided equally between all eligible children and paid to their parent or guardian until age 18, when it would be paid to them directly. As each child "outgrows" the annuity, the annuities paid to remaining eligible children would be increased proportionately. Disabled children who are incapable of self-support may receive an SBP annuity for life, provided that the incapacitation occurred before the child became age 18, or age 22 if the child was attending school full-time. The annuity for an incapacitated child beneficiary will continue at the 55% level for life; i.e., there is no reduction in the annuity at age 62.

Marriage by any child beneficiary renders the beneficiary ineligible to receive an annuity. Annulment of a marriage, but not divorce, would reinstate the beneficiary's eligibility.

# CHILD COVERAGE

- ★ MUST BE UNDER AGE 18 AND UNMARRIED

OR

- ★ IF OVER 18, MUST BE UNMARRIED AND A FULL TIME STUDENT. ANNUITY WOULD CONTINUE UNTIL AGE 22.

OR

- ★ OVER AGE 18 AND INCAPACITATED. INCAPACITATION MUST HAVE OCCURRED PRIOR TO AGE 18 OR PRIOR TO AGE 22 WHILE A FULL-TIME STUDENT.
- ★ MARRIAGE BY A STUDENT OR INCAPACITATED CHILD RENDERS THEM INELIGIBLE FOR AN ANNUITY.
- ★★ AN INCAPACITATED CHILD WHO LOSES ELIGIBILITY DUE TO MARRIAGE MAY BECOME RE-ENTITLED ONLY IF THE MARRIAGE IS LATER ANNULLED. DIVORCE WOULD NOT RETURN THEIR ELIGIBILITY.



## CHART #11 - BENEFICIARY ELIGIBILITY (Insurable Interest)

A member who is unmarried and has no dependent children at retirement may elect S&P coverage for a person who has an insurable interest in the continued life of the member. This is normally a family member more closely related than a cousin, or an unrelated person who has a legitimate pecuniary (financial) interest in the member. If an unmarried member has only one dependent child, however, the member may name that child as an insurable interest beneficiary. A member may want to do this to provide an annuity for the child for life, regardless of the child's future marital status.

A member making an insurable interest election covering an unrelated person or a relative more distantly related than a cousin must provide with the election certificate at least one properly notarized affidavit from a person attesting to the pecuniary, or financial, interest of the beneficiary in the continued life of the member. The costs and annuity amounts for this option are different than other options, which we'll discuss more about later.

# INSURABLE INTEREST

- MUST BE UNMARRIED AND HAVE NO DEPENDENT CHILDREN ON DATE OF RETIREMENT, EXCEPT MEMBERS WITH ONLY ONE CHILD MAY COVER THAT CHILD
- INSURABLE INTEREST IS PRESUMED FOR RELATIVES MORE CLOSELY RELATED THAN COUSIN
  - SON, DAUGHTER, MOTHER, FATHER, SISTER, BROTHER, AUNT, UNCLE
- IF UNRELATED, OR RELATED MORE DISTANTLY THAN COUSINS
  - PROOF IS REQUIRED OF BENEFICIARY'S FINANCIAL INTEREST IN THE CONTINUING LIFE OF THE MEMBER.
- MAY BE CHANGED TO COVERAGE FOR SPOUSE OR CHILD ACQUIRED AFTER RETIREMENT
  - CHANGE MUST BE MADE WITHIN ONE YEAR OF ACQUIRING SPOUSE/CHILD

## CHART #12 - COSTS (Spouse/Former Spouse Coverage)

There are two formulas used for computing spouse and former spouse premiums:

- For members who entered a uniformed service before 1 March 1990, the cost is either 2.5 percent of the first \$349 of the base amount, plus 10 percent of the remaining base amount; or a simple 6.5 percent of the base amount, whichever method results in a lower monthly premium. If your base amount is less than \$748, the first method is more advantageous and will be used by the Navy Finance Center.

- For members who entered a uniformed service on or after 1 March 1990, the cost is 6.5 percent of the base amount, regardless of its amount.

Monthly SBP premiums will remain a constant percentage of your base amount for life because they increase by the same percentage as cost-of-living adjustments (COLAs) to retired pay.

## **COSTS SPOUSE/FORMER SPOUSE COVERAGE**

- **TWO METHODS TO CALCULATE:**
  - **FOR MEMBERS ENTERING THE SERVICE ON OR AFTER 1 MAR 1990, COSTS ARE 6.5% OF "BASE AMOUNT"**
  - **FOR MEMBERS WHO ENTERED SERVICE BEFORE 1 MAR 1990, COSTS COMPUTED UNDER OLD FORMULA IF MORE BENEFICIAL**
    - **OLD FORMULA: 2.5% OF FIRST \$349 OF BASE AMOUNT, PLUS 10% OF REMAINING BASE AMOUNT**
    - **LOW COST PORTION (\$349) EFFECTIVE 1 JAN 1990; INCREASES WITH COLAS TO ACTIVE DUTY PAY**
    - **NOTE: OLD FORMULA IS MORE BENEFICIAL AND WILL BE USED FOR 1990 RETIREES WHOSE BASE AMOUNTS ARE LESS THAN \$748**

# CHART #13 - PREMIUM EXAMPLES (Spouse/Former Spouse Coverage)

This table shows base amounts, premium costs, and annuity amounts for several levels of spouse or former spouse coverage.

Please remember: the annuity and the premium both increase at the same time and by the same percentage as COLA increases to retired pay. This COLA increase is one of SBP's most attractive features; it ensures your survivor's benefits will keep pace with inflation.

## COSTS (Cont'd)

### SPOUSE/FORMER SPOUSE COVERAGE

#### EXAMPLES:

BASE AMOUNT	PREMIUM COSTS	ANNUITY TIL AGE 62	ANNUITY AT AGE 62
\$300	7.50*	165	105
600	33.83*	330	210
750	48.75	413	262
1000	65.00	550	350
2000	130.00	1100	700

BASE AMOUNTS, PREMIUMS, AND ANNUITIES INCREASE AT THE SAME TIME AND AT THE SAME RATE AS COST OF LIVING ADJUSTMENTS TO RETIRED PAY

- IF A MEMBER ENTERED THE NAVY ON OR AFTER 1 MARCH 1990, PREMIUMS WOULD BE \$19.50 FOR A \$300 BASE AMOUNT AND \$39.00 FOR A \$600 BASE AMOUNT

#### CHART #14 - COSTS (Spouse/Former Spouse and Child Coverage)

If you elect spouse and children coverage or former spouse and children coverage, the monthly cost is the same as for spouse/former spouse coverage, plus an additional small charge for the children (usually under \$10). This additional charge is computed actuarially depending on your age, your spouse/former spouse's age, and your youngest child's age on your date of retirement. The exact amounts for the different age combinations must be obtained from a very lengthy table and are unavailable to command career counselors. The abbreviated table at right provides cost factors for common age combinations. Generally, the older the ages of the beneficiaries, the less the monthly premiums will be. The Navy Finance Center will provide the exact charges when they calculate your retired pay before you retire.

# COSTS

## SPOUSE/CHILD COVERAGE

**COST OF SPOUSE/FORMER SPOUSE AND CHILD COVERAGE IS CALCULATED BY ADDING THE COST OF SPOUSE COVERAGE TO A SMALL CHARGE BASED ON THE AGES OF THE MEMBER, SPOUSE, AND YOUNGEST CHILD**

**EXAMPLE:**

MBR/SPOUSE AGES	AGE OF YOUNGEST CHILD			
	5	10	15	20
45	.0015	<u>.0008</u>	.0003	.0000
50	.0016	.0008	.0003	.0001
55	.0026	.0009	.0002	.0000
60	.0054	.0018	.0004	.0001

**ASSUMING MEMBER AND SPOUSE ARE BOTH AGE 45 AND YOUNGEST CHILD IS 10:**

BASE AMOUNT	▪	\$ 1,000.00
SPOUSE COST	▪	65.00 (1,000 x 6.5%)
CHILD COST	▪	+ .80 (1,000 x .0008)
TOTAL PREMIUM	▪	\$ 65.80



#### CHART #15 - COSTS (Child Only Coverage)

The cost for child only coverage is determined actuarially based upon the age of the member and the age of the youngest child. The exact amounts for different ages are contained in a lengthy table prepared by the Department of Defense Actuary and is updated every few years. The Navy Finance Center will provide the exact charges when they calculate your retired pay for you. This chart illustrates costs for the most typical ages. As you can see, the older the age of the youngest child, the lower the premium.

# COSTS

## CHILD ONLY COVERAGE

**COST OF CHILD ONLY COVERAGE IS DETERMINED BY MULTIPLYING THE BASE AMOUNT BY AN ACTUARIAL COST FACTOR BASED ON THE AGES OF THE MEMBER AND THE YOUNGEST CHILD.**

**EXAMPLE:**

MEMBER AGE	AGE OF YOUNGEST CHILD (COST FACTORS)			
	5	10	15	20
40	.0089	.0051	.0025	.0009
45	.0127	<u>.0072</u>	.0034	.0011
50	.0199	.0106	.0056	.0019
55	.0322	.0188	.0090	.0031
60	.0447	.0255	.0120	.0041

**ASSUMING MEMBER IS AGE 45 AND YOUNGEST CHILD IS AGE 10**

<b>BASE AMOUNT</b>	▪	<b>\$1,000.00</b>
<b>CHILD COST</b>	▪	<b>7.20 (.0072 x 1,000)</b>

This chart explains the cost for insurable interest coverage. It's important to understand how premiums are computed. The cost is 10 percent of full retired pay, plus an additional 5 percent for each full 5 years the beneficiary is younger than the member. The cost could be extremely expensive, depending on the age difference between the member and the beneficiary, but there is a limit on the cost -- it cannot exceed 40 percent of the member's gross retired pay. The annuity is computed at 55 percent of retired pay AFTER the premium is deducted, and there is no reduction in the annuity after the beneficiary becomes age 62. A reduced base amount cannot be elected.

# **COSTS**

## **INSURABLE INTEREST COVERAGE**

**COST:** 10% OF FULL RETIRED PAY, PLUS  
5% FOR EACH FULL 5 YEARS  
BENEFICIARY IS YOUNGER THAN  
THE MEMBER. MAXIMUM COST  
IS 40% OF RETIRED PAY.

**ANNUITY:** 55% OF RETIRED PAY REMAINING  
AFTER PREMIUM DEDUCTION

**EXAMPLE:** \$1,000 RETIRED PAY  
              -100 PREMIUM (10%)  
                              (assume same ages)  
              \$ 900  
              x.55  
              \$ 495 ANNUITY

## CHARTS #17 and 18 - INTEGRATION WITH SOCIAL SECURITY

Now I'd like to explain how SBP is integrated with other government benefits -- specifically, Social Security and Dependency and Indemnity Compensation, or DIC.

Congress established the Survivor Benefit Plan in 1972 with a purpose of ensuring that surviving spouses of military retirees would receive a lifetime income from the Federal Government equal to at least 55 percent of the member's retired pay. When a surviving spouse is under age 62, the monthly income is provided solely by SBP; after age 62, it is provided by a combination of SBP and the Social Security benefit to which the widow(er) would be entitled based upon the member's active duty military earnings. When Congress enacted SBP in 1972, it structured the monthly costs and benefit levels in accordance with this integration with Social Security in order to provide the greatest benefit for the least cost to both the Government and the individual. This integration is accomplished by simply reducing a surviving spouse's annuity from 55 percent of the member's base amount to 35 percent of the base amount. The result is a combined income from Social Security and SBP that is usually somewhat higher than 55 percent of the base amount. Additional Social Security benefits earned by a member after retirement from the Navy are, of course, also passed on to a surviving spouse.

If you were eligible to retire before 1 October 1985, you are "grandfathered" under the old dollar-for-dollar Social Security offset method. However, except for the most senior officers, the new "two-tier" method (55%/35%) of annuity reduction at age 62 results in a higher annuity for your surviving spouse. Upon your death, the Navy Finance Center would compute the annuity both ways and pay your surviving spouse the higher amount. If you are a senior officer, the annuity would be reduced only by that portion of the Social Security widow's benefit which is directly attributable to your active duty military earnings after 31 December 1956.

# INTEGRATION WITH SOCIAL SECURITY

- **SBP SPOUSE BENEFICIARIES ARE GUARANTEED AN INCOME FROM THE FEDERAL GOVERNMENT EQUAL TO AT LEAST 55% OF THE MEMBER'S RETIRED PAY.**
  - **UNDER AGE 62, THIS 55% BENEFIT IS PROVIDED SOLELY BY SBP**
  - **AFTER AGE 62, IT IS PROVIDED BY A COMBINATION OF SBP AND SOCIAL SECURITY**
    - **SBP ANNUITY IS REDUCED TO 35% OF BASE AMOUNT AT AGE 62**
    - **ANNUITANT IS ALSO ENTITLED TO SOCIAL SECURITY WIDOW'S BENEFIT BASED ON MEMBER'S LIFETIME EARNINGS.**
    - **35% SBP ANNUITY AND PORTION OF SOCIAL SECURITY WIDOW'S BENEFIT ATTRIBUTABLE TO MEMBER'S MILITARY INCOME EQUALS 55% OR MORE OF MEMBER'S RETIRED PAY.**

## **INTEGRATION WITH SOCIAL SECURITY (Cont'd)**

- **SURVIVORS OF MEMBERS RETIREMENT-ELIGIBLE BEFORE 1 OCT 1985 MAY HAVE AGE 62 REDUCTION COMPUTED UNDER OLD SOCIAL SECURITY OFFSET METHOD IF MORE BENEFICIAL.**
  - **ONLY SURVIVORS OF O-8'S AND ABOVE RETIRING IN 1990 BENEFIT BY OLD SS OFFSET METHOD**
- **REASON FOR REDUCTION**
  - **FEDERAL GOVERNMENT CONTRIBUTES TO SERVICE MEMBERS' SOCIAL SECURITY ACCOUNTS WHILE THEY SERVE ON ACTIVE DUTY.**
  - **MEMBERS' SOCIAL SECURITY BENEFITS PASS ON TO SURVIVING SPOUSES WHEN THEY DIE.**
  - **SBP/SOCIAL SECURITY INTEGRATION PERMITS SERVICES TO PROVIDE SBP AT AFFORDABLE COST. PREMIUMS WOULD BE MUCH HIGHER IF SBP WERE NOT INTEGRATED WITH SOCIAL SECURITY.**

## CHART #19 - INTEGRATION WITH DIC

DIC is a monthly benefit paid by the VA to survivors of active and retired members whose deaths are determined by the VA to be service-connected. A surviving spouse's SBP entitlement is reduced dollar-for-dollar by the amount of his or her DIC entitlement. However, the spouse is given a refund of premiums paid for that portion of the SBP annuity that is replaced by DIC (See Note). The combined SBP and DIC payments are equal to the unreduced SBP payment. The net payment to the spouse, however, is greater because DIC is not taxable income. A STRONG WORD OF CAUTION: DO NOT ASSUME your survivors will be covered by DIC. Only a small percentage of all retirees die from service-connected causes. DIC is not a benefit you can count on.

### NOTE:

Spouses and former spouses who lose their entitlement to DIC through remarriage after age 55 can regain their full SBP annuity by repaying the refunded SBP premiums in installments.



## INTEGRATION WITH DIC (DEPENDENCY & INDEMNITY COMPENSATION)

- DIC IS PAID BY VA TO SURVIVORS OF ALL VETERANS WHO DIE OF SERVICE-CONNECTED CAUSES OR WHO DIE ON ACTIVE DUTY (EXCEPT WHEN DEATH IS DUE TO MISCONDUCT)
- DIC REDUCES SBP ANNUITIES DOLLAR FOR DOLLAR
  - SBP PREMIUMS PAID BY MEMBER ARE REFUNDED TO SURVIVOR FOR THE PORTION OF SBP WHICH IS REPLACED BY DIC.
  - SURVIVING SPOUSE STILL RECEIVES TOTAL VALUE OF SBP, BUT IN TWO CHECKS: ONE FROM THE NAVY, ONE FROM THE VA.
  - NET AMOUNT IS GREATER BECAUSE DIC IS NOT TAXABLE INCOME.
- DIC BASED ON PAYGRADE HELD WHEN RELEASED FROM ACTIVE DUTY. RATES AS OF 1/1/90:

E-1: \$564	W-1: \$714	O-1: \$ 714
E-2: 581	W-2: 742	O-2: 737
E-3: 597	W-3: 764	O-3: 789
E-4: 634	W-4: 809	O-4: 834
E-5: 651		O-5: 920
E-6: 666		O-6: 1038
E-7: 698		O-7: 1121
E-8: 737		O-8: 1229
E-9: 770		O-9: 1318
E-10: 831		O-10: 1446

## CHART #20: RESERVE COMPONENT - SURVIVOR BENEFIT PLAN (RC-SBP)

If you are a Reservist, you know that you become eligible for retired pay at age 60 when you complete 20 years of qualifying Reserve service. Reservists usually complete 20 years of service sometime during their 40's. Since SBP applies only to retired service members who are receiving retired pay, how can you ensure your survivors will receive a continuing source of income from the Navy if you die before you start receiving retired pay at age 60? The answer is RC-SBP.

When you complete 20 years of service, you will receive a Notice of Eligibility (NOE) stating that you have completed sufficient service to become eligible for retired pay at age 60. When you receive your NOE, you will have an opportunity to enroll in RC-SBP. The Naval Reserve Personnel Center (NRPC) in New Orleans will include with your NOE an RC-SBP instruction booklet and an enrollment form. It is very important that you take prompt action when you receive your NOE. The law requires that you make an RC-SBP election within 90 days of receiving your NOE if you want to participate.

Election options are identical to SBP, but since you are not yet receiving retired pay, you have some additional options:

**OPTION A:** You may choose not to enroll in RC-SBP. Unlike SBP, enrollment in RC-SBP is NOT AUTOMATIC. If you elect Option A, you are, in effect, leaving your survivors at risk until you reach age 60, when you will be automatically enrolled in SBP (unless you decline coverage, with spousal concurrence). If you should die before age 60, your survivors WOULD NOT BE ENTITLED TO MEDICAL, COMMISSARY, AND EXCHANGE BENEFITS. An election under this option can have very serious implications on your family.

**OPTION B:** You may elect coverage under this option and provide an annuity to your survivors which would begin on the date you would have reached age 60 if you die before then.

**OPTION C:** Under this option your survivors would receive an annuity immediately upon your death, regardless of age.

Since retired pay does not start until age 60, how do you pay for this coverage in the meantime? You don't. Costs for RC-SBP coverage don't start until you begin receiving retired pay at age 60. To cover the cost of coverage you and your family would enjoy during the intervening years, when you begin receiving retired pay, you would pay an extra charge in addition to the costs for regular SBP. If you die before then, the costs would be paid by an appropriate reduction in your survivor's SBP annuity. This extra charge is based upon your and your spouses' ages at the time you enroll in the Plan. The RC-SBP instruction booklet you will receive with your NOE includes a detailed cost table for your reference.

# **RESERVE COMPONENT SBP (RC-SBP)**

- **MUST HAVE 20 QUALIFYING YEARS OF SERVICE**
- **MUST MAKE ELECTION WITHIN 90 DAYS OF RECEIVING NOTICE OF ELIGIBILITY (NOE) FOR RETIRED PAY AT AGE 60**
- **THREE OPTIONS:**
  - A - DECLINE RC-SBP. DEFER ENROLLMENT ACTION UNTIL ELIGIBLE FOR SBP AT AGE 60**
  - B - ELECT ANNUITY TO BEGIN UPON DEATH OR MEMBER'S AGE 60, WHICHEVER OCCURS LATER.**
  - C - ELECT ANNUITY TO BEGIN UPON MEMBER'S DEATH, REGARDLESS OF AGE**
- **PREMIUMS NOT PAID UNTIL RETIRED PAY COMMENCES AT AGE 60. COSTS ARE SAME AS FOR SBP, PLUS AN ADDITIONAL ACTUARIAL CHARGE TO PAY FOR COVERAGE DURING PERIOD PRIOR TO AGE 60.**
- **NAVAL RESERVE PERSONNEL CENTER (NRPC) PROVIDES EACH RESERVIST AN RC-SBP INSTRUCTION BOOKLET WITH ACTUARIAL COST TABLES ALONG WITH THEIR NOTICE OF ELIGIBILITY (NOE) FOR RETIRED PAY.**
- **IF RESERVIST DECLINES RC-SBP, SURVIVORS NOT ENTITLED TO ID CARD BENEFITS IF RESERVIST DIES BEFORE AGE 60.**

## CHART #21 - DECISION CONSIDERATIONS

Before your date of retirement or transfer to the Fleet Reserve, you must decide whether you wish to participate in SBP. Naturally, any decision which costs you money is one which you must give serious consideration. For a few people, full SBP coverage may not be necessary or desired. What are the alternatives? What factors are important in your decision? SBP costs and benefits, taxes, health, your and your spouse's ages, children, savings, investments, insurance, your spouse's employment situation, and other personal matters all figure into your SBP decision. Some of these factors are quantifiable -- you can calculate them with specific numbers -- others are not. Let's talk about some of the most important and common considerations.

Cost. We've already calculated how much your SBP coverage will cost. But the real cost to you must take taxes into consideration. Let's say your "base amount" is \$1500. Your monthly premium (6.5% of \$1500) would be \$97.50. Premiums are paid in the form of reductions to your retired pay and are therefore not included on your W-2 as taxable income. If you go on to a second career like most people, you will have a substantial amount of income over and above your Navy retired pay. If your total income places you in the 28% tax bracket, your actual SBP cost (what you actually pay out of your pocket) would only be \$70.20. In other words, if you declined SBP coverage, your gross retired pay would be \$97.50 higher, but you would only get to keep \$70.20 of it after you pay taxes. This tax break is an even greater break for retirees with greater amounts of retired pay or retirees whose combined retired pay and post-retirement civilian income place them in the 33% tax bracket.

Benefit. We've also talked about the amount of the annuity your widow would receive in the event of your death: 55% of your SBP base amount until age 62 and 35% thereafter. It is difficult to quantify the amount of your widow's benefit with certainty since we don't know when you're going to die. We do know the normal life expectancies for men and women, so we can come up with a rough estimate. Life expectancies have increased in recent years. Males now have a 50% or so chance of living until age 80, and females can expect to live about 7 years longer. If you're a male and your wife is two years younger than you (which insurance companies report as the average), then your wife can expect to outlive you by 9 or 10 years if you both die when you're "supposed to."

# DECISION CONSIDERATIONS

- **COSTS:**

- REMAIN CONSTANT PERCENTAGE OF RETIRED PAY OVER LIFETIME (6.5% OR LESS)
- PREMIUMS PAID BY WAY OF REDUCTIONS IN RETIRED PAY - NOT TAXABLE INCOME

- **BENEFITS:**

- NO LIMIT ON LIFETIME BENEFIT (I.E., NO "FACE VALUE" LIMITATION)

- **LIFE INSURANCE:**

- COMPLEMENTS SBP - CANNOT REPLACE
- FACE VALUES NOT PROTECTED AGAINST INFLATION
- PREMIUMS PAID WITH TAXABLE INCOME
- PROCEEDS MAY BE NONTAXABLE, BUT INTEREST EARNED ON INVESTMENT IS TAXABLE
- PREMIUMS HIGHER OVER LIFETIME FOR COVERAGE COMPARABLE TO SBP (TERM INSURANCE, THE LEAST EXPENSIVE INSURANCE, COSTS 47% MORE)
- AMOUNT OF INSURANCE "PROTECTION" DECREASES AS CASH VALUE (SAVINGS PORTION) INCREASES

- **HEALTH:**

- SBP COSTS/ELIGIBILITY NOT AFFECTED BY HEALTH
- INSURANCE NOT AVAILABLE, OR VERY EXPENSIVE FOR THOSE IN POOR HEALTH

- **SPOUSE EMPLOYMENT:**

- CAN SPOUSE EARN ENOUGH INCOME TO MAINTAIN LIFESTYLE WHEN RETIRED PAY STOPS?

## CHART #21 - DECISION CONSIDERATIONS (Cont'd)

Let's assume again that your retired pay is \$1500 per month, you are 40 years old, and your wife is 38. You would be, in effect, paying approximately \$70 per month for a life insurance policy with a face value of about \$257,000. That's a lot of insurance! Even more significant, however, are the inflation protection features of SBP which would increase the face value of the "policy" over time (assuming 5% inflation) to about \$335,000 at age 50, \$384,000 at age 60, \$423,000 at age 70, and \$456,000 at age 80. (Term insurance usually DECREASES!) These dollar amounts represent the amount of cash your widow would need to invest at each of those ages at a 7% return to be able to withdraw an amount equal to SBP for the rest of her life.

To illustrate this further, by the time you reach age 60, you would have paid approximately \$60,000 for SBP coverage. If you died, your widow would recoup in SBP annuities every dollar you paid for coverage in just about 26 months. Some would say, "Yes, but what about AFTER my widow's annuity is reduced at age 62." That's a valid question. The numbers show that if you die at age 65 (and your wife is 63), you would have paid approximately \$98,000 for coverage, and your widow would recoup everything you paid for SBP in just a little over four years.

Let's also assume you're one of the unlucky people who dies early; let's say at age 45. You would have paid only about \$7,000 for SBP coverage, and your widow would recoup the SBP costs in the first 9 months after your death. And if your widow were to survive until age 87, she would receive OVER \$1,290,000 in SBP annuities! There is no insurance policy of any kind which could match that sort of pay-back.

Life Insurance. Many retirees, quite wisely, look around to see if they can find alternatives to SBP which might provide an equal or greater benefit for less cost. They usually end up in front of life insurance salesmen. Too often, unfortunately, the insurance salesmen tell them they have a program which can "beat" SBP. They don't. You may be able to buy term insurance at a cheaper cost than SBP right now, but by age 52 or so, the cost of comparable term insurance goes up rapidly and becomes at least twice as expensive as SBP by age 60. Whole life, universal life, variable life, and similar insurance policies should more appropriately be viewed as secure investment programs from which insurance salesmen receive commissions. A clever salesman can manipulate numbers to make them appear to mean just about anything the salesman wants them to mean. Remember, insurance salesmen are in business for one reason -- to make money -- from you! NOBODY RECEIVES A COMMISSION FOR AN SBP ENROLLMENT!

You may be interested to know that one of the staunchest supporters of SBP is the Navy Mutual Aid Association. In fact, Navy Mutual Aid representatives frequently give SBP lectures at

## CHART #21 - DECISION CONSIDERATIONS (Cont'd)

pre-retirement seminars and encourage prospective retirees to enroll. If you're not familiar with Navy Mutual Aid, you might be surprised to learn that, among other services, it is a non-profit veterans' benefits organization that is authorized by law to provide its members with life insurance plans to fund the benefits for survivors. Navy Mutual Aid is also the only life insurance provider authorized by the Secretary of the Navy to speak at command-sponsored assemblies of Navy members on financial planning. Navy Mutual Aid does not have a life insurance policy that beats SBP, and their representatives are the first to admit it. They say, "SBP is the best at what it is intended to do; any other alternative assumes greater cost and risk." Many other professionals will tell you the same thing. This is not to say that life insurance is unnecessary if you enroll in SBP. On the contrary, even though SBP benefits are an unbeatable bargain, what standard of living would your widow experience if SBP was the extent of your estate and she had no other income? Life insurance is a valuable complement to SBP in building your estate, but LIFE INSURANCE CANNOT REPLACE SBP.

Studies by various institutions over the past several years which compared SBP to various forms of life insurance each concluded that NO LIFE INSURANCE POLICY PROVIDES AN EQUAL OR GREATER BENEFIT FOR EQUAL OR LESSER COST THAN SBP. Forms of insurance other than term insurance should be viewed as secure investment programs rather than survivor protection programs. Except for term insurance, a portion of life insurance premiums pays for the insurance protection, or death benefit, a portion pays commissions and administrative expenses (true also of term insurance), and the remainder is invested in a savings program. With SBP, you pay only for the death benefit. Something else to consider: SBP is subsidized by the Federal Government at 40%; commercial insurance is not. Who pays that 40% difference for commercial insurance? You do.

Health. Your and your spouse's health are important considerations. If you have a health problem when you retire, the odds are that it will get worse as you get older rather than better. Costs of insurance increase dramatically for people in poor health. SBP coverage is available to you regardless of your health, and monthly premiums remain a constant percentage of your retired pay for life. If you are in poor health and your spouse is in excellent health, there is a great possibility that your spouse will outlive you by a considerable number of years.

Spouse Employment. Is your spouse employed? If so, would she or he be able to support herself/himself without your retired pay check? Is your spouse's employment covered by a pension plan? Would your spouse have income other than Social Security after age 60? If the answer to any of these questions is NO, your spouse is at considerable financial risk if you do not have an estate large enough to support her/him if you were to die.

## CHART #22 - DECISION CONSIDERATIONS (Cont'd)

Taxes. We've already discussed the fact that SBP premiums are paid in the form of reduced retired pay and, therefore, are not counted as taxable income. Premiums you would pay for commercial insurance, however, are paid for with taxable dollars. While it's true that SBP annuities are subject to Federal income tax, the survivor is usually in a lower tax bracket. Proceeds from commercial insurance are not taxable, but your insurance beneficiary may have to pay taxes on the interest earned if those proceeds are invested.

COLA Increases. This example illustrates the value of cost-of-living adjustments to SBP annuities. There are widows today whose monthly SBP checks are greater than their husbands' retired pay checks were when they died. For example, a \$400 annuity in 1975 has more than doubled. This shows the superiority of SBP in protecting against inflation. If you are considering a private sector investment plan, compare its inflation protection against SBP!



# DECISION CONSIDERATIONS (Cont'd)

## • TAX ADVANTAGE

<u>TAX BRACKET</u>	<u>BASE AMOUNT</u>	<u>SBP ANNUITY</u>	<u>PREMIUM DEDUCTION</u>	<u>ACTUAL COST</u>
15%	\$1000	\$550	\$65	\$55.25
28%	1000	550	65	46.80
33%	1000	550	65	43.33

- TAX ADVANTAGE IS ESPECIALLY IMPORTANT WHEN CONSIDERING INSURANCE 'ALTERNATIVES'

-- ONE MUST COMPARE THE 'ACTUAL COST' OF SBP TO THE PREMIUM OF A COMPARABLE LIFE INSURANCE POLICY.

-- IN THIS EXAMPLE, ASSUMING THE MEMBER IS 40 YRS OLD, SBP IS EQUAL TO A \$175,000 LIFE INSURANCE POLICY WITH A PREMIUM OF ONLY \$43.33/MONTH (\$520/YEAR). EXCEPT FOR ANNUAL RENEWABLE TERM INSURANCE UNTIL AGE 50, NO SUCH POLICY EXISTS.

## • COST OF LIVING ADJUSTMENTS

- SBP ANNUITIES PROTECTED FROM INFLATION BY COST OF LIVING ADJUSTMENTS AT SAME RATE AS RETIRED PAY
- \$550 ANNUITY IN 1975 HAS GROWN TO \$1314 (139%) IN 1990

## CHART #23 - SUMMARY

The SBP decision is one of the most difficult decisions you will make at retirement. If you are married, it is as much your spouse's decision as it is yours.

Remember, RETIRED PAY STOPS WHEN YOU DIE, and SBP is the only way your survivors can receive a portion of your retired pay once you're gone.

There are no insurance alternatives to SBP which provide equal or greater protection at equal or lesser cost than SBP. You can count on it.

SBP provides a certain benefit to your survivors. When you add up the dollars and cents to see if SBP's cost is something you can live with, first make sure your survivors can live without it.

SBP is one way in which the Navy takes care of its own; make sure you do the same. Enroll in SBP.

# SUMMARY

- ★ SBP DECISION IS CRITICAL
  - MEMBER AND SPOUSE ARE EQUALLY RESPONSIBLE FOR SBP DECISION
  - DECISION IS FINAL
- ★ SBP IS THE ONLY WAY YOU CAN PROVIDE A PORTION OF YOUR RETIRED PAY TO YOUR SURVIVORS
- ★ NO COMMERCIAL INSURANCE ALTERNATIVE PROVIDES EQUAL OR GREATER BENEFIT AT EQUAL OR LESS COST
- ★ MAKE THE DECISION THAT IS RIGHT FOR YOU AND YOUR FAMILY